

January 27, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

## **NATIONAL HEALTH FOUNDATION REPORT ON THE LA MODEL**

This is in response to the Board's motion of June 26, 2002 instructing the Chief Administrative Office and the Department of Health Services (DHS) to work with the Hospital Association of Southern California (HASC) and the National Health Foundation (NHF) to update the LA Model, a statistical model that forecasts health care supply and demand.

The National Health Foundation has completed the analysis and produced the attached report. This report summarizes the immediate effects of Scenario III of the DHS Redesign Plan on the supply and demand of inpatient and emergency services in the County. Specifically, it estimates the impact of eliminating the following services from DHS facilities:

- All inpatient beds at High Desert Hospital
- All psychiatric beds in DHS hospitals
- 100 medical beds at LAC+USC Medical Center
- All inpatient beds at Rancho Los Amigos NRC hospital

This model examines the impact of changes in inpatient and emergency services under Scenario III and does not reflect the closure of health centers and the increase in outpatient services at High Desert Hospital.

The results show minimal impact on the countywide inpatient occupancy rates for Intensive Care and Medical/Surgical beds, although moderate increases in occupancy rates of some other bed types will be seen in the Antelope Valley SPA.

Model results indicate that patients needing rehabilitation care will have more difficulty finding available beds, especially if they are uninsured. However, the model assumes that patients will not go to any hospital farther than 15 miles from their homes, which is not the case with many current Rancho patients. The model also assumes that DHS would not be purchasing rehabilitation care for the uninsured from private providers.

The elimination of psychiatric beds at DHS hospitals will result in slight increases in occupancy rates among private facilities. Some psychiatric patients may be sent to emergency rooms due to lack of available beds. Non-critical patients seeking care in emergency rooms will experience longer waiting times (an average of 7 minutes longer for urgent patients) as psychiatric patients remain in emergency departments due to the lack of inpatient beds. Moreover, the study does not forecast the number of psychiatric beds that the Department of Mental Health (DMH) would purchase in lieu of DHS' operating such beds as a vendor to DMH.

This report only examines the immediate impact of proposed changes and does not address potential private sector responses (e.g., hospital closures or increases in staffing to handle additional workload). In addition, it does not estimate the impact of some changes in the absence of others (e.g., effects of the other proposed bed reductions if Rancho remains open under an alternate model).

Although the elimination of services from DHS facilities will affect the overall health care sector in Los Angeles County, the Department's projected shortfall necessitates the immediate reforms and the redesign process, which the Board has approved and DHS is currently implementing. This will allow DHS to more prudently use its limited resources to deliver care more effectively.

If you have any questions or need additional information, please let me know.

DEJ:DIL  
SS:bjs

Attachment

c: Executive Officer, Board of Supervisors  
County Counsel  
Director of Health Services  
National Health Foundation  
Hospital Association of Southern California